

The Simple Two-Page Guide to Medicare Part D Prescription Drug Insurance

Expert advice from Walton Francis, million selling book author of health insurance advice for Federal government employees and retirees--December 14, 2005 version.

The way for people on Medicare to deal with Part D is to sort themselves into the right category, and then start doing their homework.

If you have **former employer coverage** of drugs that is as good or better than Part D (like Federal retirees), or get your drugs from TRICARE or VA, you will waste money if you join Part D. If you have private employer coverage, you will probably lose it if you join Part D. **With good coverage you can ignore Part D.** However, if you are not sure whether that coverage is as good or better, read the "creditable coverage" letter from your former employer. If you are still not sure, call your former employer or the insurance plan. Be careful not to lose benefits!

If you are on **Medicaid**, the program that covers most low-income elderly, and most nursing home residents, you will be automatically enrolled. You can, however, still change from one plan to another. If you are in a "State Pharmaceutical Assistance Program" for limited-income persons you will probably be able to keep it and use it to supplement your Medicare benefit.

If you have a **Medigap** drug plan (H, I, J, or grandfathered), run, don't walk, to drop Medigap drug coverage and join a Medicare Advantage or Part D plan. **Medicare drug coverage saves you about a thousand dollars a year compared to any Medigap drug plan.** (The government pays three fourths of the Medicare premium, and you pay the whole Medigap premium, just for starters.) Some smart consumers will join new Medigap plans called K and L; these are better insurance deals than other Medigap plans for hospital and medical bills.

If you are already in a **Medicare Advantage** plan that combines filling in the holes in Medicare with drug coverage, it probably is getting better next year. But do check its details and consider shopping for an even better deal before you relax.

If you have a **drug discount card**, it is almost certainly either expiring, or dropping people with Medicare. Regardless, joining Medicare Part D is essential for anyone with expenses high enough to have needed a discount card.

If you **don't have drug coverage**, you should join a Medicare Part D prescription drug plan, even if your drug costs are low. It is cheap insurance and there are premiums at \$20 a month or less in every state. In one State there is a plan that costs only about \$4 a month! Many cost \$10 a month or less. Cancer and other dread diseases with high drug costs don't wait until the next Open Season to strike, so everyone should have current drug coverage "just in case." That is why it is called insurance. The **very best thing about Medicare Part D is that it guarantees that you will never spend more than \$3600 for drugs.** The so-called "donut hole" is best understood as a guaranteed limit against financial catastrophe. Almost everyone can buy true insurance and peace of mind for under one or two hundred dollars a year.

If your **income is limited** (below about \$15,000 a year) and your savings low you can get extra help and your Part D coverage will be almost free. Almost-free coverage even makes sense for someone with "creditable coverage" in a good retiree plan, unless you lose other benefits. Eligibility checking is simple at **www.ssa.gov** or a local Social Security office.

To join up you should use the prescription drug plan comparison tool at www.medicare.gov to pick the best plan(s). Use the link to **Compare Medicare Prescription Drug Plans**. You type in your Rx info, drug by drug, and it tells you which plans give you the best deal on annual costs. If you don't already use the Internet, find a friend, neighbor, relative, librarian, or Aging Agency person to give you help. It takes about a half hour if you have your prescription drug information handy (copies of your drug receipts from pharmacies have the key details). Or you can have the government run the computer program for you by calling **1-800-MEDICARE**. You can find the least expensive plans—taking into account both premium and coverage—and pick the one that is most convenient to you.

Also consider joining a **Medicare Advantage** plan. Most of them give you not only drug coverage but also pay most deductibles and coinsurance for “**zero premium**” extra. They now include not just HMOs, but also Preferred Provider (PPO) plans and even some fee for service plans. Most of them are **great insurance deals if you are willing to accept some restrictions on provider choice**. If you don't know which one to pick, an easy strategy is to narrow your choice by asking your physician which plan(s) he or she participates in. One good source for finding best buys is at www.medicarenewswatch.com.

The best publication is the one everybody on Medicare gets for free, **Medicare & You 2006**. It is totally revised to deal with the new benefits and plans. There are also some handy summary tables at www.medicare.gov for both Medicare prescription drug and Medicare Advantage plans. But don't try to study the details of many plans. Use the drug plan comparison tool to simplify your choice!

Join right away. If you join by December 31st, 2005, your coverage starts on January 1st. You can wait as long as May 15, 2006, but you not only lose valuable coverage but also may have a last minute “senior moment.” **Don't put it off!** (You can even change your mind later, so you lose nothing by signing up now.) There are penalties for late enrollment, but the big cost is giving up insurance savings. You can join on the Internet, by calling the plan number, or at **1-800-MEDICARE**.

That is it. Nothing really confusing and or hard to figure out if you use the Internet and your common sense, with a little homework. There are many more details but most seniors don't need to focus on those. And you can always call 1-800-MEDICARE for additional details, or for help in signing up for a plan.